

# ACCESS INFORMATION SERVICES, INC.

October 31, 1996

2043/  
DEC 30 1996  
DEC 30 1996 - 1 35 PM

Attn: Secretary, Service Transportation Board  
Service Transportation Board  
12<sup>th</sup> & Constitution Avenue NW  
Room 2311  
Washington, DC 20423

Dear Secretary,

Enclosed is an originally executed and fully notarized copy of a Security Agreement which includes rolling stock as collateral to be filed with the Service Transportation Board f/k/a Interstate Commerce Commission pursuant to the US Code.

The parties to the Security Agreement are The Chase Manhattan Bank, as Administrative Agent, CII Carbon, L.L.C., Chalmette Terminal, L.L.C., Robinson Carbon, Inc., and Calciner Industries CIII S.A., as Obligors.

The addresses of the aforementioned are as follows:

The Chase Manhattan Bank  
One Chase Manhattan Plaza  
New York, NY 10081

CII Carbon, L.L.C.  
1615 East Judge Perez Drive  
Chalmette, LA 70043

Chalmette Terminal, L.L.C.  
1615 East Judge Perez Drive  
Chalmette, LA 70043

Robinson Carbon, Inc.  
1615 East Judge Perez Drive  
Chalmette, LA 70043

Calciner Industries CIII S.A.  
16, chemin de Villardiez  
CH - 1009 Pully  
Switzerland

## ***ACCESS INFORMATION SERVICES, INC.***

A description of the rolling stock is described on the Security Agreement on an Exhibit. The identifying numbers are as follows: KACX 5003, KACX 5005, KACX 5008, KACX 5009, KACX 5010, KACX 5015, KACX 5018, KACX 5021, KACX 5022, KACX 5023, KACX 5026, KACX 5030, KACX 5035, KACX 5037 and KACX 5038.

A fee of \$22.00 representing the filing fee and a copy of the executed are enclosed. After filing, please return either the original or copy as proof of filing with your office to:

Access Information Services, Inc  
1773 Western Avenue  
P O Box 3709  
Albany, New York 12203

A short summary of the document to appear in the index is as follows:

Security Agreement

Very truly yours,

  
Jacqueline A. Lee  
President

COPY

[EXECUTION COPY]

RECORDATION NO. 2043/ FEB 14/96

SECURITY AGREEMENT

DEC 30 1996 - 1 35 PM

AGREEMENT dated as of September 18, 1996 among CII CARBON, L.L.C., a Louisiana limited liability company (with its successors, the "Borrower"); CHALMETTE TERMINAL, L.L.C., a Louisiana limited liability company (with its successors "CTI"); ROBINSON CARBON, INC., a Delaware corporation (with its successors, "RCI"); CALCINER INDUSTRIES CIII S.A., a Swiss société anonyme (with its successors, "International"; each of the Borrower, CTI, RCI and International hereafter referred to individually as an "Obligor" and collectively as "Obligors"); and THE CHASE MANHATTAN BANK, as administrative agent (with its successors in such capacity, the "Administrative Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, International, certain lenders (the "Lenders") and the Administrative Agent are parties to a Credit Agreement dated as of September 18, 1996 (as the same may be amended and in effect from time to time, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by making Loans and issuing Letters of Credit) by the Lenders to the Borrower;

WHEREAS, the Borrower may be or become obligated to one or more Lenders under one or more Interest Rate Agreements as contemplated by Section 9.23 of the Credit Agreement; and

WHEREAS, CTI, RCI and International are parties to a Transaction Guaranty dated as of September 18, 1996 made by each such party and certain other persons in favor of the Administrative Agent (the "Transaction Guaranty"), pursuant to which each such party has guaranteed, subject to the limitations set forth in Section 1(b) therein, the obligations of the Borrower under the Credit Agreement and the notes and letters of credit issued pursuant thereto;

WHEREAS, in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement and in order to induce the Lenders to enter into any Interest Rate Agreements, the Obligors have granted a continuing

security interest in and to the Collateral (as hereafter defined) to secure their obligations under the Credit Agreement and the Transaction Guaranty and in respect of Secured Interest Rate Indebtedness (as defined below);

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### SECTION 1. Definitions

Terms defined in the Credit Agreement and not otherwise defined herein have, as used herein, the respective meanings provided for therein. The following additional terms, as used herein, have the following respective meanings:

"Accounts" means, with respect to each Obligor, all "accounts" (as defined in the UCC) now owned or hereafter acquired by such Obligor and shall also mean and include all accounts receivable, contract rights, book debts, notes, drafts and other obligations or indebtedness owing to such Obligor, arising from the sale, lease or exchange of goods or other property by it and/or the performance of services by it (including, without limitation, any such obligation which might be characterized as an account, contract right or general intangible under the Uniform Commercial Code in effect in any jurisdiction) and all of such Obligor's rights in, to and under all purchase orders for goods, services or other property, and all of such Obligor's rights to any goods, services or other property represented by any of the foregoing (including returned or repossessed goods and unpaid sellers' rights of rescission, replevin, reclamation and rights to stoppage in transit) and all monies due to or to become due to such Obligor under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services by it (whether or not yet earned by performance on the part of such Obligor), in each case whether now in existence or hereafter arising or acquired including, without limitation, the right to receive the proceeds of said purchase orders and contracts and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Collateral" has the meaning set forth in Section 3(A).

"Collateral Account" has the meaning set forth in Section 5(A).

"Copyright License" means any written agreement now or hereafter in existence granting to any Obligor any right to publication as to which a Copyright is in existence.

"Copyrights" means all the following: (i) all copyrights under the laws of the United States or any other country, all registrations and recordings thereof, and all applications for copyrights under the laws of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (ii) all reissues, continuations, continuations-in-part or extensions thereof.

"Copyright Security Agreement" means a Copyright Security Agreement executed and delivered by each Obligor which owns or licenses any copyrights in favor of the Administrative Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit D hereto, as the same may be amended from time to time.

"Documents" means all "documents" (as defined in the UCC) or other receipts covering, evidencing or representing goods, now owned or hereafter acquired, by any Obligor.

"Equipment" means all "equipment" (as defined in the UCC) now owned or hereafter acquired by any Obligor, including, without limitation, all motor vehicles, trucks, trailers and Rolling Stock.

"General Intangibles" means all "general intangibles" (as defined in the UCC) now owned or hereafter acquired by any Obligor, including, without limitation, (i) all right, title and interest of such Obligor under the Assigned Agreements, (ii) all obligations or indebtedness owing to such Obligor (other than Accounts) from whatever source arising, (iii) all Copyright Licenses, Copyrights, Patent Licenses, Patents, Trademark Licenses, Trademarks, rights in intellectual property, goodwill, trade names, service marks, trade secrets, permits and licenses, (iv) all rights or claims in respect of refunds for taxes paid and (v) all rights in respect of any pension plan or similar arrangement maintained for employees of any member of the Controlled Group.

"Instruments" means all "instruments", "chattel paper" or "letters of credit" (each as defined in the UCC) evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting

the payment of, any of the Accounts, including (but not limited to) promissory notes, drafts, bills of exchange and trade acceptances, now owned or hereafter acquired by any Obligor.

"Inventory" means all "inventory" (as defined in the UCC), now owned or hereafter acquired by any Obligor, wherever located, and shall also mean and include, without limitation, all raw materials and other materials and supplies, work-in-process and finished goods and any products made or processed therefrom and all substances, if any, commingled therewith or added thereto.

"Leased Rolling Stock" has the meaning set forth in Section 3(A).

"Patent License" means any written agreement now or hereafter in existence granting to any Obligor any right to practice any invention on which a Patent is in existence.

"Patent Security Agreement" means the Patent Security Agreement executed and delivered by each Obligor which owns or licenses any Patents in favor of the Administrative Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit B hereto, as the same may be amended from time to time.

"Patents" means all the following: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (ii) all reissues, continuations, continuations-in-part or extensions thereof.

"Perfection Certificate" means, for each Obligor, a certificate substantially in the form of Exhibit A hereto, completed and supplemented with the schedules and attachments contemplated thereby to the satisfaction of the Administrative Agent, and duly executed by the chief financial officer of such Obligor.

"Permitted Liens" means the Security Interests and the other Liens and Permitted Encumbrances referred to in the Mortgages on the Collateral permitted to be created, assumed or exist pursuant to Section 9.15 of the Credit Agreement.

"Pledge Agreement" means the Pledge and Security Agreement dated as of September 18, 1996 among Paragon Investment LLC, Paragon Intercompany Finance Inc., Starbright B.V., the Borrower, CTI, RCI, International and the Administrative Agent, as the same may be modified and supplemented and in effect from time to time.

"Proceeds" means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, collateral, including, without limitation, all claims of each Obligor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any collateral, and any condemnation or requisition payments with respect to any collateral, in each case whether now existing or hereafter arising.

"Rolling Stock" means all railcars, barges and other water carrier equipment, including, without limitation, those listed in Exhibit E hereto, and all accessions, appurtenances and parts installed on and additions thereto, and replacements thereof, now owned or hereafter acquired by any Obligor.

"Rolling Stock Leases" has the meaning set forth in Section 3(A).

"Rolling Stock Revenues" means any monies, revenues, payments or credits now owned or hereafter acquired by any Obligor which are generated by or attributable to the Rolling Stock or Leased Rolling Stock, including, without limitation, railcar hire payments, mileage allowances, per diem mileage payments, empty mileage allowances, mileage credits and excess mileage credits, in each case whether now existing or hereafter arising.

"Secured Interest Rate Indebtedness" means the obligations of the Borrower to the Lenders or any of them in respect of the Interest Rate Agreements contemplated by Section 9.23 of the Credit Agreement.

"Secured Obligations" means, with respect to each Obligor, the obligations of such Obligor secured under this Agreement, including (A) with respect to the Borrower, (i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower) on any Loan or Reimbursement Obligation under,

or any Note issued pursuant to, the Credit Agreement, (ii) all other amounts payable by the Borrower under the Credit Agreement, (iii) all obligations of the Borrower to the Secured Parties constituting Secured Interest Rate Indebtedness, (iv) all other amounts payable hereunder or under any other Security Document and (v) any renewal or extensions of any of the foregoing, and (B) with respect to each Obligor other than the Borrower, (i) all amounts payable by such Obligor (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of such Obligor) under the Transaction Guaranty, this Agreement or any other Security Document to which such Obligor is party and (ii) any renewals or extensions of the foregoing.

"Secured Parties" means (i) the Lenders, (ii) the Administrative Agent and (iii) the Lenders holding Secured Interest Rate Indebtedness.

"Security Interests" means the security interests granted pursuant to Section 3, as well as all other security interests created or assigned as additional security for the Secured Obligations pursuant to the provisions of this Agreement.

"Trademark License" means any written agreement now or hereafter in existence granting to any Obligor any right to use any Trademark.

"Trademarks" means all of the following: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (ii) all reissues, extensions or renewals thereof.

"Trademark Security Agreement" means the Trademark Security Agreement executed and delivered by each Obligor which owns or licenses any Trademarks in favor of the Administrative Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit C hereto, as the same may be amended from time to time.



"UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the Security Interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## SECTION 2. Representations and Warranties

Each Obligor represents and warrants as follows:

(A) Such Obligor has good and marketable title to all of the Collateral in which it is granting a security interest pursuant hereto, free and clear of any Liens other than the Permitted Liens. Such Obligor has taken all actions necessary under the UCC to perfect its interest in any Accounts purchased by it or in which it otherwise has an interest, as against its assignors and creditors of its assignors.

(B) Such Obligor has not performed any acts which might prevent the Administrative Agent from enforcing any of the terms of this Agreement or which would limit the Administrative Agent in any such enforcement. Other than financing statements or other similar or equivalent documents or instruments with respect to the Security Interests and other Permitted Liens, no financing statement, mortgage, security agreement or similar or equivalent document or instrument covering all or any part of the Collateral is on file or of record in any jurisdiction in which such filing or recording would be effective to perfect a Lien on such Collateral. No Collateral is in the possession of any Person (other than such Obligor) asserting any claim thereto or security interest therein, except that the Administrative Agent or its designee may have possession of Collateral as contemplated hereby.

(C) Not later than the date of the first borrowing under the Credit Agreement, each of the Obligors shall deliver its Perfection Certificate to the Administrative Agent. The information set forth therein shall be correct and complete. Not later than 60 days following the date of the first borrowing, the Obligors shall furnish to the Administrative Agent file search reports from each filing office set forth in Schedule 7 to the Perfection Certificate or other evidence satisfactory to the Majority Lenders acting through the Administrative Agent

confirming the filing information set forth in such Schedule.

(D) The Security Interests constitute valid security interests under the UCC securing the Secured Obligations. The Security Interests constitute perfected security interests in the Collateral (except Inventory in transit) to the extent that a security interest therein may be perfected by filing pursuant to the UCC and the Interstate Commerce Act, prior to all other Liens and rights of others therein except for the Permitted Liens. The Security Interests constitute valid and perfected security interests in all Patents and Trademarks, prior to all other Liens and rights of others therein except for the Permitted Liens. The Security Interests constitute valid and perfected security interests in all Copyrights, prior to all other Liens and rights of others therein except for the Permitted Liens.

(E) The Inventory and Equipment are insured in accordance with the requirements of the Credit Agreement.

(F) All Inventory has or will have been produced in compliance with the applicable requirements of the Fair Labor Standards Act, as amended.

### SECTION 3. The Security Interests

(A) In order to secure the full and punctual payment of the Secured Obligations in accordance with the terms thereof, and to secure the performance of all of the obligations of each Obligor hereunder, under the Credit Agreement, under the Transaction Guaranty and under the Secured Interest Rate Indebtedness, as appropriate, each Obligor hereby hypothecates, assigns by way of security, transfers and grants to the Administrative Agent for the ratable benefit of the Secured Parties a continuing security interest in and to all right, title and interest of such Obligor in the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located (all being collectively referred to as the "Collateral"):

(1) Accounts;

(2) Inventory;

(3) General Intangibles (in the case of the Assigned Agreements and any other agreement, document or writing, to the maximum extent permitted thereunder or under applicable law);

- (4) Documents;
- (5) Instruments;
- (6) Equipment;

(7) The Collateral Accounts, all cash deposited therein from time to time, the Liquid Investments made pursuant to Section 5(D) and other monies and property of any kind of such Obligor in the possession or under the control of the Administrative Agent;

(8) All books and records (including, without limitation, customer lists, marketing information, credit files, price lists, operating records, vendor and supplier price lists, sales literature, computer programs, printouts and other computer materials and records) of such Obligor pertaining to any of the Collateral;

(9) All right, title, claims and benefits now owned or hereafter acquired by such Obligor in and to any railcar leases, subleases, rental agreements and car hire contracts in which such Obligor shall at any time have any interest and any right, title, claim and benefits of such Obligor now owned or hereafter acquired in and to any management agreement concerning all such leases and agreements (collectively, "Rolling Stock Leases"); and all right, title and interest of such Obligor in the railcars and equipment, including, without limitation, those railcars listed in Exhibit E hereto, provided pursuant to any Rolling Stock Leases ("Leased Rolling Stock"); in each case, including, without limitation, all rights of such Obligor to receive and apply any Rolling Stock Revenues attributable to any Leased Rolling Stock or pursuant to any Rolling Stock Leases;

(10) All rights now owned or hereafter acquired by such Obligor to receive and collect any Rolling Stock Revenues;

(11) All Proceeds of, attachments or accessions to, or substitutions for, all or any of the Collateral described in Clauses 1 through 10 hereof;

(12) International hereby assigns and transfers to the Administrative Agent all its present and future claims, including all rights attached thereto, such as interest, preferential rights, or insurance, arising out of its sales activities (coke and calcined products), including all future rights and claims under

the European African and Mid-East Coke Sales Agreement effective November 1, 1992 between CII and International, as amended.

(B) The Security Interests are granted as security only and shall not subject the Administrative Agent or any other Secured Party to, or transfer or in any way affect or modify, any obligation or liability of any Obligor with respect to any of the Collateral or any transaction in connection therewith.

#### SECTION 4. Further Assurances; Covenants

(A) (I) No Obligor will change (i) the location of its chief executive office or chief place of business or (ii) the locations where it keeps or holds any Collateral (other than Inventory and Rolling Stock in transit) or records relating thereto from the applicable location described in the Perfection Certificate unless it shall have given the Administrative Agent notice thereof and an opinion of counsel with respect thereto in accordance with Section 4(N); provided that the Borrower may change the location of its chief executive office to another location within the same filing jurisdiction. No Obligor shall in any event change the location of any Collateral if such change would cause the Security Interests in such Collateral to lapse or cease to be perfected.

(II) No Obligor will change its name, identity or company or corporate structure in any manner unless it shall have given the Administrative Agent prior notice thereof and delivered an opinion of counsel with respect thereto in accordance with Section 4(N); provided that nothing herein shall prevent the merger, liquidation or dissolution of CTI, RCI, International or any Subsidiary of the Borrower into the Borrower so long as the Borrower is the surviving entity.

(B) Each Obligor will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including, without limitation, any filings with the United States Patent and Trademark Office, any filings with the United States Copyright Office, any filings with the Interstate Commerce Commission, any filings of financing or continuation statements under the UCC and any filings in, or agreements governed by the laws of, any foreign jurisdictions) that from time to time may be necessary or desirable, or that the Administrative Agent may reasonably request, in order to create, preserve, upgrade in rank (to the extent required hereby), perfect, confirm or validate the Security Interests or to enable the

Administrative Agent and the other Secured Parties to obtain the full benefits of this Agreement, or to enable the Administrative Agent to exercise and enforce, or facilitate the exercise and enforcement of, any of its rights, powers and remedies hereunder with respect to any of the Collateral. To the extent permitted by law, each Obligor hereby authorizes the Administrative Agent to execute and file financing statements or continuation statements without such Obligor's signature appearing thereon. Each Obligor agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement. Each Obligor shall pay the costs of, or incidental to, any recording or filing of any financing or continuation statements concerning the Collateral.

(C) If any Collateral is at any time in the possession or control of any warehouseman, bailee or any Obligor's agents or processors, such Obligor shall, upon the request of the Administrative Agent acting on the instructions of the Majority Lenders, notify such warehouseman, bailee, agent or processor of the Security Interests created hereby instruct such Person and to hold all such Collateral for the Administrative Agent's account subject to the Administrative Agent's instructions.

(D) Each Obligor shall keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Majority Lenders may reasonably request in order to reflect the Security Interests.

(E) Each Obligor will immediately deliver and pledge each Instrument to the Administrative Agent, appropriately endorsed to the Administrative Agent, provided that so long as no Event of Default shall have occurred and be continuing, each Obligor may retain for collection in the ordinary course any Instruments (other than checks and drafts constituting payments in respect of Accounts, as to which the provisions of Section 5(B) shall apply) received by it in the ordinary course of business and the Administrative Agent shall, promptly upon request of any Obligor, make appropriate arrangements for making any other Instrument pledged by such Obligor available to it for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate to the Administrative Agent, against trust receipt or like document).

(F) Each Obligor shall use its best efforts to cause to be collected from its account debtors, as and when due, any and all amounts owing under or on account of each

Account (including, without limitation, Accounts which are delinquent, such Accounts to be collected in accordance with lawful collection procedures) and to apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. Unless an Event of Default has occurred and is continuing and the Administrative Agent is exercising its rights hereunder to collect Accounts, each Obligor may allow in the ordinary course of business as adjustments to amounts owing under its Accounts (i) an extension or renewal of the time or times of payment, or settlement for less than the total unpaid balance, which such Obligor finds appropriate in accordance with sound business judgment and (ii) a refund or credit due as a result of returned or damaged merchandise, all in accordance with such Obligor's ordinary course of business consistent with its historical collection practices. The costs and expenses (including, without limitation, attorney's fees) of collection, whether incurred by such Obligor or the Administrative Agent, shall be borne by such Obligor.

(G) Upon the request of the Majority Lenders, acting (through the Administrative Agent) either (i) upon the occurrence and during the continuance of any Event of Default or (ii) on the advice of counsel retained with respect to the matters described in clause (b)(iii) of the definition of Eligible Receivables, each Obligor will promptly notify (and each Obligor hereby authorizes the Administrative Agent so to notify) each account debtor in respect of any Account or Instrument that such Collateral has been assigned to the Administrative Agent hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Administrative Agent or its designee.

(H) Each Obligor shall, (i) as soon as practicable after the date hereof, in the case of Equipment now owned constituting goods in which a security interest is perfected by a notation on the certificate of title or similar evidence of the ownership of such goods, and (ii) within 10 days of acquiring any other similar Equipment, in each case, (a) having a value in excess of \$50,000 or (b) having a value in excess of \$25,000, if the aggregate of all such items owned by such Obligor at any time is greater than \$100,000, deliver to the Administrative Agent any and all certificates of title, applications for title or similar evidence of ownership of such Equipment and shall cause the Administrative Agent to be named as lienholder on any such certificate of title or other evidence of ownership. Such Obligor shall promptly inform the Administrative Agent of any additions to or deletions from the Equipment and shall not permit any such items to

become a fixture to real estate other than real estate described in the Mortgages.

(I) Each Obligor shall as soon as practicable after the date hereof, at its own cost and expense, cause to be plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each item of Rolling Stock a legend bearing such words as the Administrative Agent may request indicating the Lien over and security interest in such Rolling Stock created hereby in letters not less than one inch in height. Each Obligor may permit the Rolling Stock to be operated within the United States, but shall not permit the Rolling Stock to be operated outside the boundaries of the continental United States.

(J) Without the prior written consent of the Majority Lenders, the Obligors will not (a) sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any Collateral except, subject to the rights of the Administrative Agent and the Lenders hereunder if an Event of Default shall have occurred and be continuing, as permitted under Section 9.13 of the Credit Agreement and, in the case of any such disposition, the Security Interests created hereby in such item (but not in any Proceeds arising from such sale or exchange) shall cease immediately without any further action on the part of the Administrative Agent; or (b) create, incur or suffer to exist any Lien with respect to any Collateral, except for the Permitted Liens.

(K) The Obligors will maintain insurance in accordance with Section 9.03 of the Credit Agreement.

(L) Each Obligor will, promptly upon request, provide to the Administrative Agent all information and evidence it may reasonably request concerning the Collateral, and in particular the Accounts, to enable the Administrative Agent to enforce the provisions of this Agreement.

(M) Each Obligor shall notify the Administrative Agent immediately if it knows, or has reason to know, that any application or registration relating to any Copyright, Patent or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Copyright Office, the United States Patent and Trademark Office, or any court) regarding such Obligor's ownership of any Copyright, Patent or Trademark, its right to register the same, or to keep and maintain the same. In the event

that any Copyright, Copyright License, Patent, Patent License, Trademark or Trademark License is infringed, misappropriated or diluted by a third party, such Obligor shall notify the Administrative Agent promptly after it learns thereof and shall, unless such Obligor shall reasonably determine that any such action would be of negligible economic value, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as such Obligor shall reasonably deem appropriate under the circumstances to protect such Copyright, Copyright License, Patent, Patent License, Trademark or Trademark License. In no event shall any Obligor, either itself or through any agent, employee or licensee, file an application for the registration of any Copyright with the United States Copyright Office or any Patent or Trademark with the United States Patent and Trademark Office, or with any similar office or agency in any other country or any political subdivision thereof, unless not less than 30 days prior thereto it informs the Administrative Agent, and, upon request of the Administrative Agent, executes and delivers any and all agreements, instruments, documents and papers the Administrative Agent may request to evidence the Security Interests in such Copyright, Patent or Trademark and the goodwill and general intangibles of such Obligor relating thereto or represented thereby, and each Obligor hereby constitutes the Administrative Agent its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, shall be irrevocable until the Secured Obligations are paid in full.

(N) Not more than six months nor less than 10 days prior to each date on which any Obligor proposes to take any action contemplated by Section 4(A)(I) or (II), such Obligor shall, at its cost and expense, cause to be delivered to the Secured Parties an opinion of counsel satisfactory to the Administrative Agent (such Obligor's general counsel being deemed to be satisfactory unless the Administrative Agent notifies such Obligor otherwise), substantially in the form of Exhibit F hereto, to the effect that all financing statements and amendments or supplements thereto, continuation statements and other documents required to be recorded or filed in order to perfect and protect the Security Interests for a period, specified in such opinion, continuing until a date not earlier than eighteen months from the date of such opinion, against all creditors of and purchasers from such Obligor have been filed in each filing office necessary for such purpose and



that all filing fees and taxes, if any, payable in connection with such filings have been paid in full.

(O) Within five (5) Business Days of entering into, amending, modifying or terminating any Rolling Stock Lease, each Obligor will deliver a copy of such Rolling Stock Lease, amendment or modification or notice of such termination to the Administrative Agent.

(P) From time to time upon request by the Administrative Agent, each Obligor shall, at its cost and expense, cause to be delivered to the Secured Parties an opinion of counsel satisfactory to the Administrative Agent as to such matters relating to the transactions contemplated hereby as the Majority Lenders may reasonably request.

#### SECTION 5. Collateral Accounts

(A) There have been established with the Administrative Agent four cash collateral accounts, one for each Obligor (the "Collateral Accounts"), in the name and under the control of the Administrative Agent, into which there shall be deposited from time to time the cash proceeds of the Collateral required to be delivered to the Administrative Agent pursuant to subsection (B) of this Section 5, any other provision of this Agreement or the Credit Agreement. Any income received by the Administrative Agent with respect to the balance from time to time standing to the credit of the Collateral Accounts, including any interest or capital gains on Liquid Investments, shall remain, or be deposited, in the Collateral Accounts. All right, title and interest in and to the cash amounts on deposit from time to time in the Collateral Accounts together with any Liquid Investments from time to time made pursuant to subsection (D) of this Section shall vest in the Administrative Agent, shall constitute part of the Collateral hereunder and shall not constitute payment of the Secured Obligations until applied thereto as hereinafter provided.

(B) Each Obligor shall instruct all account debtors and other Persons obligated in respect of all Accounts or in respect of any Rolling Stock Revenues to make all payments in respect of such Accounts or Rolling Stock Revenues either (i) directly to the Administrative Agent (by instructing that such payments be remitted to a post office box which shall be in the name and under the control of the Administrative Agent) or (ii) to one or more other banks in any state (other than Louisiana) in the United States (by instructing that such payments be remitted to a post office box which shall be in the name and under the control of such bank) under a Lockbox Letter substantially in the form of

Exhibit G hereto duly executed by such Obligor and such bank or under other arrangements, in form and substance satisfactory to the Administrative Agent, pursuant to which such Obligor shall have irrevocably instructed such other bank (and such other bank shall have agreed) to remit all proceeds of such payments directly to the Administrative Agent for deposit into the relevant Collateral Account or as the Administrative Agent may otherwise instruct such bank. All such payments made to the Administrative Agent shall be deposited in the relevant Collateral Account. In addition to the foregoing, each Obligor agrees that if the proceeds of any Collateral hereunder (including the payments made in respect of Accounts or Rolling Stock Revenues) shall be received by it, such Obligor shall as promptly as possible deposit such proceeds into the relevant Collateral Account. Until so deposited, all such proceeds shall be held in trust by such Obligor for and as the property of the Administrative Agent and the Secured Parties and shall not be commingled with any other funds or property of such Obligor.

(C) The balance from time to time standing to the credit of the relevant Collateral Account shall, except (i) upon the occurrence and continuation of an Event of Default and (ii) as provided by Section 3.02(b)(2) of the Credit Agreement, be distributed to each Obligor upon the order of such Obligor. If immediately available cash on deposit in the relevant Collateral Account is not sufficient to make any distribution to an Obligor referred to in the previous sentence of this Section 5(C), the Administrative Agent shall liquidate as promptly as practicable Liquid Investments as required to obtain sufficient cash to make such distribution and, notwithstanding any other provision of this Section 5, such distribution shall not be made until such liquidation has taken place. Upon the occurrence and continuation of an Event of Default, the Administrative Agent shall, if so instructed by the Majority Lenders, apply or cause to be applied (subject to collection) any or all of the balance from time to time standing to the credit of the Collateral Accounts in the manner specified in Section 9.

(D) Amounts on deposit in each Collateral Account shall be invested and re-invested from time to time in such Liquid Investments as the relevant Obligor shall determine, which Liquid Investments shall be held in the name and be under the control of the Administrative Agent, provided that, if an Event of Default has occurred and is continuing, the Administrative Agent shall, if instructed by the Majority Lenders, liquidate any such Liquid Investments and apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations in the manner specified in Section 9. For this purpose, (i) each Liquid Investment

shall mature within 30 days after it is acquired by the Administrative Agent and (ii) in order to provide the Administrative Agent, for the benefit of the Secured Parties, with a perfected security interest therein, each Liquid Investment shall be either:

(i) evidenced by negotiable certificates or instruments, or if non-negotiable then issued in the name of the Administrative Agent, which (together with any appropriate instruments of transfer) are delivered to, and held by, the Administrative Agent or an agent thereof (which shall not be an Obligor or any of its Affiliates) in the State of New York; or

(ii) in book-entry form and issued by the United States and subject to pledge under applicable state law and Treasury regulations and as to which (in the opinion of counsel to the Administrative Agent) appropriate measures shall have been taken for perfection of the Security Interests.

#### SECTION 6. General Authority

Each Obligor hereby irrevocably appoints the Administrative Agent its true and lawful attorney, with full power of substitution, in the name of such Obligor, the Administrative Agent, the Secured Parties or otherwise, for the sole use and benefit of the Administrative Agent and the other Secured Parties, but at each Obligor's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default has occurred and is continuing, all or any of the following powers with respect to all or any of the Collateral:

(i) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof,

(ii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(iii) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof, as fully and effectually as if the Administrative Agent were the absolute owner thereof, and

(iv) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

provided that the Administrative Agent shall give an Obligor not less than ten days' prior written notice of the time and

place of any sale or other intended disposition of any of the Collateral pledged by it hereunder, except any Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. Each Obligor agrees that such notice constitutes "reasonable notification" within the meaning of Section 9-504(3) of the UCC.

#### SECTION 7. Remedies upon Event of Default

(A) If any Event of Default has occurred and is continuing, the Administrative Agent may exercise on behalf of the Secured Parties all rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such rights are exercised) and, in addition, the Administrative Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) withdraw all cash and Liquid Investments in the Collateral Accounts and apply such monies, Liquid Investments and other cash, if any, then held by it as Collateral as specified in Section 9 and (ii) if there shall be no such monies, Liquid Investments or cash or if such monies, Liquid Investments or cash shall be insufficient to pay all the Secured Obligations in full, sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Administrative Agent may deem satisfactory. The Administrative Agent or any other Secured Party may be the purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale) and thereafter hold the same, absolutely, free from any right or claim of whatsoever kind. Each Obligor will execute and deliver such documents and take such other action as the Administrative Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Administrative Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely, free from any claim or right of whatsoever kind, including any equity or right of redemption of any Obligor which may be waived, and each Obligor, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The notice (if any) of such sale required by Section 6 shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such

time or times within ordinary business hours and at such place or places as the Administrative Agent may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Administrative Agent may determine. The Administrative Agent shall not be obligated to make any such sale pursuant to any such notice. The Administrative Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Administrative Agent until the selling price is paid by the purchaser thereof, but the Administrative Agent shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Administrative Agent, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction. For the purposes of obtaining executory process, each Obligor does hereby confess judgment in favor of the Administrative Agent for the full amount of the Secured Obligations.

In furtherance and not in derogation of the Administrative Agent's rights hereunder and under the other Basic Documents, each Obligor does by these presents consent, agree and stipulate that upon the occurrence of an Event of Default it shall be lawful for the Administrative Agent, and each Obligor does hereby authorize the Administrative Agent, to cause all and singular the Collateral to be seized and sold under executory or ordinary process, at the Administrative Agent's sole option, without appraisal, appraisal being hereby expressly waived, as an entirety or in parcels as the Administrative Agent may determine, to the highest bidder for cash, and otherwise exercise the rights, powers and remedies afforded herein and under applicable Louisiana law. Any and all declarations of fact made by authentic act before a Notary Public in the presence of two witnesses by a person declaring that such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process. Each Obligor hereby waives in favor of the Administrative Agent: (a) the benefit of appraisal as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days delay accorded by Louisiana Code of

Civil Procedure Articles 2639 and 2721; (c) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (d) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722, and 2723, not specifically mentioned above. The Administrative Agent is hereby appointed agent and attorney-in-fact for each Obligor and is hereby authorized and empowered to carry out and enforce all of the incorporeal rights in which such Obligor has granted a security interest to the Administrative Agent hereunder. This mandate and power of attorney, being coupled with an interest, is irrevocable so long as the Security Interests granted hereunder remain in effect. In the event the Collateral or any part thereof is seized as an incident to an action for the recognition or enforcement of this Agreement by executory process, ordinary process, sequestration, writ of fieri facias, or otherwise, each Obligor and the Administrative Agent agree that the court issuing any such order shall, if petitioned for by the Administrative Agent, direct the applicable sheriff to appoint as a keeper of the Collateral, the Administrative Agent or any agent designated by the Administrative Agent or any person named by the Administrative Agent at the time such seizure is effected. This designation is pursuant to Louisiana Revised Statutes 9:5136-9:5140.1 and the Administrative Agent shall be entitled to all the rights and benefits afforded thereunder as the same may be amended. It is hereby agreed that the keeper shall be entitled to receive as compensation, in excess of its costs and expenses incurred in the administration or preservation of the Collateral, an amount equal to five (5%) percent of the gross revenues and other amounts received by the keeper, payable on a monthly basis. The designation of keeper made herein shall not be deemed to require the Administrative Agent to provoke the appointment of such a keeper.

(B) For the purpose of enforcing any and all rights and remedies under this Agreement the Administrative Agent may (i) require each Obligor to, and each Obligor agrees that it will, at its expense and upon the request of the Administrative Agent, forthwith assemble all or any part of the Collateral as directed by the Administrative Agent and make it available at a place designated by the Administrative Agent which is, in its opinion, reasonably convenient to the Administrative Agent and such Obligor, whether at the premises of such Obligor or otherwise, (ii) to the extent permitted by applicable law, enter, with or without process of law and without breach of the peace, any premise where any of the Collateral is or may be located, and without charge or liability to it seize and remove such Collateral from such premises, (iii) have access to and use

such Obligor's books and records relating to the Collateral and (iv) prior to the disposition of the Collateral, store or transfer it without charge in or by means of any storage or transportation facility owned or leased by such Obligor, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Administrative Agent deems appropriate and, in connection with such preparation and disposition, use without charge any copyright, trademark, trade name, patent or technical process used by such Obligor.

(C) Without limiting the generality of the foregoing, if any Event of Default has occurred and is continuing,

(i) the Administrative Agent may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Patents or Trademarks included in the Collateral throughout the world for such term or terms, on such conditions and in such manner as the Administrative Agent shall in its sole discretion determine;

(ii) the Administrative Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of any Obligor in, to and under any Copyright Licenses, Patent Licenses or Trademark Licenses and take or refrain from taking any action under any thereof, and each Obligor hereby releases the Administrative Agent and each of the other Secured Parties from, and agrees to hold the Administrative Agent and each of the other Secured Parties free and harmless from and against any claims arising out of, any lawful action so taken or omitted to be taken with respect thereto; and

(iii) upon request by the Administrative Agent, each Obligor will execute and deliver to the Administrative Agent a power of attorney, in form and substance satisfactory to the Administrative Agent, for the implementation of any lease, assignment, license, sublicense, grant of option, sale or other disposition of a Copyright, Patent or Trademark. In the event of any such disposition pursuant to this Section, such Obligor shall supply its know-how and expertise relating to the manufacture and sale of the products bearing Trademarks or the products or services made or rendered in connection with Patents, and its customer lists and other records relating to such Patents or

Trademarks and to the distribution of said products, to the Administrative Agent.

SECTION 8. Limitation on Duty of Administrative Agent in Respect of Collateral

Beyond the exercise of reasonable care in the custody thereof, the Administrative Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Administrative Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Administrative Agent in good faith.

SECTION 9. Application of Proceeds

(A) Upon the occurrence and during the continuance of an Event of Default, the proceeds of any sale of, or other realization upon, all or any part of the Collateral and any cash held in the Collateral Accounts shall be applied by the Administrative Agent in the following order of priorities:

first, to payment of the expenses of such sale or other realization, including reasonable compensation to the Administrative Agent and its agents and counsel, and all expenses, liabilities and advances incurred or made by the Administrative Agent in connection therewith, and any other unreimbursed expenses for which the Administrative Agent or any other Secured Party is to be reimbursed pursuant to Section 12.03 of the Credit Agreement or Section 13 hereof and unpaid fees owing to the Administrative Agent under the Credit Agreement;

second, to the ratable payment of accrued but unpaid interest on the Secured Obligations and amounts owing to the Secured Parties in respect of Secured Interest Rate Indebtedness; provided that any payments made or to be made to the Borrower pursuant to any Interest Rate Agreements shall be applied first, to the payment in full of the accrued but unpaid interest on the Tranche A Term Loans and Tranche A Term Loan Notes,



on the one hand, and the Tranche B Term Loans and Tranche B Term Loan Notes, on the other hand, pro rata in accordance with the respective unpaid principal amounts of such Loans of each such Class held by the Lenders, second, to the payment in full of the accrued but unpaid interest on the Working Capital Loans and the Working Capital Loan Notes, third, to the payment in full of the accrued but unpaid interest on Reimbursement Obligations and then ratably amongst such other Secured Obligations;

third, to the ratable payment of unpaid principal of the Secured Obligations;

fourth, to the ratable payment of all other Secured Obligations, until all Secured Obligations shall have been paid in full; and

finally, to payment to the Borrower or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

(B) The Administrative Agent may make distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof. The Administrative Agent shall invest all amounts to be applied to Letter of Credit Liabilities in Liquid Investments selected by it and hold such amount in trust for application to future drawings under the Letters of Credit notified to it by the issuing Lenders in the order in which such drawings are made. If the Administrative Agent holds any amounts which were distributable in respect of Letter of Credit Liabilities after the Letters of Credit have expired and all amounts payable with respect thereto have been paid, such amounts shall be applied in the order set forth in subsection (A) above.

(C) In making the determinations and allocations required by this Section, the Administrative Agent shall have no liability to any of the Lenders for actions taken in reliance on information supplied by the Lenders as to the amounts of the Secured Obligations held by them. All distributions made by the Administrative Agent pursuant to this Section shall be final and the Administrative Agent shall have no duty to inquire as to the application by the Lenders of any amount distributed to them. However, if at any time the Administrative Agent determines that an allocation or distribution previously made pursuant to this Section was based on a mistake of fact (including, without limiting the generality of the foregoing, mistakes based on an assumption that principal or interest has been paid by

payments which are subsequently recovered from the recipient thereof through the operation of any bankruptcy, reorganization, insolvency or other laws or otherwise), the Administrative Agent may in its discretion, but shall not be obligated to, adjust subsequent allocations and distributions hereunder so that, on a cumulative basis, the Secured Parties receive the distributions to which they would have been entitled if such mistake of fact had not been made.

#### SECTION 10. Assigned Agreements

Each Obligor shall use its best efforts to obtain, as promptly as practicable after the Closing Date, such consents, if any, as may be required under the Assigned Agreements to permit the granting of Security Interests in and to all right, title and interest of such Obligor therein. The Borrower shall use its reasonable efforts to obtain after the Closing Date such consents as may be required under the Lease dated April 11, 1994, as amended, between the Borrower and the St. Bernard Harbor and Terminal District to permit the granting of Security Interests in and to all right, title and interest of the Borrower therein, and, upon the obtaining by the Borrower of such consents, such lease shall be designated an Assigned Agreement and listed on Schedule II to the Credit Agreement. Each Obligor hereby irrevocably authorizes and empowers the Administrative Agent for and on behalf of the Secured Parties, in the Administrative Agent's sole discretion, if an Event of Default has occurred and is continuing, to assert, either directly or on behalf of such Obligor any claims such Obligor may have, from time to time, against any other party to the Assigned Agreements or to otherwise exercise any right or remedy of such Obligor under the Assigned Agreements (including, without limitation, the right to enforce directly against any party to an Assigned Agreement all of such Obligor's rights thereunder, to make all demands and give all notices and make all requests required or permitted to be made by such Obligor under the Assigned Agreements) as the Administrative Agent may deem proper. Each Obligor hereby irrevocably makes, constitutes and appoints the Administrative Agent (and all officers, employees or agents designated by the Administrative Agent) as such Obligor's true and lawful attorney-in-fact for the purpose of enabling the Administrative Agent, to assert and collect such claims and to exercise such rights and remedies. Each Obligor shall keep the Administrative Agent informed of all material circumstances bearing upon the right, title and interest of such Obligor under the Assigned Agreements.

## SECTION 11. Concerning the Administrative Agent

The provisions of Section 11 of the Credit Agreement shall inure to the benefit of the Administrative Agent in respect of this Agreement and shall be binding upon the parties to the Credit Agreement in such respect. In furtherance and not in derogation of the rights, privileges and immunities of the Administrative Agent therein set forth:

(A) The Administrative Agent is authorized to take all such action as is provided to be taken by it as Administrative Agent hereunder and all other action reasonably incidental thereto. As to any matters not expressly provided for herein (including, without limitation, the timing and methods of realization upon the Collateral) the Administrative Agent shall act or refrain from acting in accordance with written instructions from the Majority Lenders or, in the absence of such instructions, in accordance with its discretion.

(B) The Administrative Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Security Interests in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder. The Administrative Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Agreement by the Obligors.

## SECTION 12. Appointment of Co-Administrative Agents

At any time or times, in order to comply with any legal requirement in any jurisdiction, the Administrative Agent may appoint another bank or trust company or one or more other persons, either to act as co-agent or co-agents, jointly with the Administrative Agent, or to act as separate agent or agents on behalf of the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the discretion of the Administrative Agent, include provisions for the protection of such co-agent or separate agent similar to the provisions of Section 11).

## SECTION 13. Expenses

In the event that the Obligors fail to comply with the provisions of the Credit Agreement or this Agreement, such that the value of any Collateral or the validity, perfection, rank or value of any Security Interest is

thereby diminished or potentially diminished or put at risk, the Administrative Agent if requested by the Majority Lenders may, but shall not be required to, effect such compliance on behalf of the Obligors, and the Obligors shall reimburse the Administrative Agent for the costs thereof on demand. All insurance expenses and all expenses of protecting, storing, warehousing, appraising, insuring, handling, maintaining and shipping the Collateral, any and all excise, property, sales, and use taxes imposed by any state, federal, or local authority on any of the Collateral, or in respect of periodic appraisals and inspections of the Collateral to the extent the same may reasonably be requested by the Majority Lenders acting through the Administrative Agent from time to time, or in respect of the sale or other disposition thereof, shall be borne and paid by the Obligors; and if the Obligors fail to promptly pay any portion thereof when due, except, if no Event of Default has occurred and is continuing, with respect to taxes which are being contested as permitted by Section 9.02 of the Credit Agreement, the Administrative Agent or any other Secured Party may, at its option, but shall not be required to, pay the same and charge such Obligors' account therefor, and the Obligors agree jointly and severally to reimburse the Administrative Agent or such Secured Party therefor on demand. All sums so paid or incurred by the Administrative Agent or any other Secured Party for any of the foregoing and any and all other sums for which any Obligor may become liable hereunder and all costs and expenses (including attorneys' fees, legal expenses and court costs) reasonably incurred by the Administrative Agent or any other Secured Party in enforcing or protecting the Security Interests or any of their rights or remedies under this Agreement, shall, together with interest thereon for each day until paid at the Post-Default Rate, be additional Secured Obligations hereunder.

SECTION 14. Termination of Security Interests;  
Release of Collateral

Upon the repayment in full of all Secured Obligations and the termination of the Commitments and Letters of Credit under the Credit Agreement and the expiration or termination of the commitments of the Lenders to make payments under any Interest Rate Agreements, the Security Interests shall terminate and all rights to the Collateral shall revert to the Obligors. At any time and from time to time prior to such termination of the Security Interests, the Administrative Agent may release all or any part of the Collateral with the prior consent of the Majority Lenders; provided that if any such release would constitute a release of (x) all or substantially all of the security for the obligations of the Borrower under the

Credit Agreement or any Note, (y) all or a material part of (i) the Accounts (other than any Accounts sold for cash, so long as such Accounts do not constitute all or substantially all of the Accounts) or Inventory or (ii) the security relating to a Plant, such release will require the consent of all the Lenders. Upon any such termination of the Security Interests or release of Collateral, the Administrative Agent will, at the expense of the Obligors, execute and deliver to the Obligors such documents as the Obligors shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

#### SECTION 15. Notices

All notices, approvals, requests, demands and other communications hereunder shall be given in accordance with Section 12.02 of the Credit Agreement at the "Address for Notices" specified below the intended recipient's name on the signature pages hereof, or at such other address as shall be designated by such party in a Notice to the Borrower and the Administrative Agent in accordance with such Section 12.02.

#### SECTION 16. Waivers, Non-Exclusive Remedies

No failure on the part of the Administrative Agent to exercise, and no delay in exercising and no course of dealing with respect to, any right under the Credit Agreement or this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent of any right under the Credit Agreement or this Agreement preclude any other or further exercise thereof or the exercise of any other right. The rights in this Agreement and the Credit Agreement are cumulative and are not exclusive of any other remedies provided by law.

#### SECTION 17. Successors and Assigns

This Agreement is for the benefit of the Administrative Agent and the other Secured Parties and their successors and assigns, and in the event of an assignment of all or any of the Secured Obligations, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Agreement shall be binding on each Obligor and its successors and assigns and the rights of each Obligor hereunder shall inure to the benefit of such Obligor's successors and permitted assigns.

SECTION 18. Changes in Writing

Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by each Obligor and the Administrative Agent with the consent of the Majority Lenders (or, in the case of Section 14 or this Section, the Lenders).

SECTION 19. New York Law

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK ARE GOVERNED BY THE LAWS OF SUCH JURISDICTION.

SECTION 20. Severability

If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Administrative Agent and the other Secured Parties in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

SECTION 21. SUBMISSION TO JURISDICTION AND WAIVER OF JURY TRIAL

(a) EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, (i) IRREVOCABLY WAIVES AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, ANY CLAIM THAT IT IS NOT SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND (ii) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(b) Each party hereto agrees, to the fullest extent it may effectively do so under applicable law, that a judgment in any suit, action or proceeding of the nature referred to in paragraph (a) above brought in any such court shall be conclusive and binding upon such party and may be enforced in any other courts to the jurisdiction of which such party is subject by a suit upon such judgment.

## SECTION 22. Appointment of Agent for Service of Process

(a) Each Obligor hereby irrevocably designates, appoints, authorizes and empowers as its agent for service of process, CT Corporation System at its offices currently located at 1633 Broadway, New York, New York 10019, to accept and acknowledge for and on behalf of such Obligor service of any and all process, notices or other documents that may be served in any suit, action or proceeding referred to in Section 21(a) above.

(b) In lieu of service upon its agent, each party hereto consents to process being served in any suit, action or proceeding of the nature referred to in Section 21(a) above by mailing a copy thereof by registered or certified air mail, postage prepaid, return receipt requested, to its address listed on the signature page hereof or designated pursuant to Section 15. Each party hereto agrees that such service (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to it.

(c) Nothing in this Section 22 shall affect the right of any party hereto to serve process in any manner permitted by law, or limit any right that any party hereto may have to bring proceedings against any other party hereto in the courts of any jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

## SECTION 23. Withholding Taxes

Each payment by any Obligor hereunder to or for the account of the Administrative Agent (a "Payment") shall be made without any deduction or withholding for any Taxes with respect to the Administrative Agent; provided that if such Obligor shall be required by law to make any such deduction or withholding from any Payment, such Obligor will:

(i) pay such amounts in addition to such Payment as may be necessary so that the amount received by the

payee, after all such withholdings and deductions, will be equal to the full amount provided for in this Agreement;

(ii) pay the full amount deducted or withheld to the relevant taxation or other authorities within the time allowed under applicable law; and

(iii) furnish as soon as practicable thereafter to the Administrative Agent, the official receipt or receipts from the relevant taxation or other authorities for the full amount so deducted or withheld.

#### SECTION 24. Certain Other Taxes

Each Obligor will pay (i) all Taxes imposed (otherwise than by deduction or withholding) on the Administrative Agent which constitute Taxes with respect to the Administrative Agent and (ii) all Other Taxes imposed on the Administrative Agent which constitute Other Taxes (calculated based on a hypothetical tax rate equal to the maximum applicable rate) with respect to the Administrative Agent to the extent any such Taxes or Other Taxes result from Taxes or Other Taxes paid or reimbursed by such Obligor pursuant to this Agreement.

#### SECTION 25. Reimbursement of Taxes Paid by the Administrative Agent

If any Taxes or Other Taxes to be paid by any Obligor pursuant to this Agreement are imposed on and paid by the Administrative Agent, such Obligor shall, within 30 days from the date the Administrative Agent makes written demand for and if the Administrative Agent provides such Obligor with a copy of any related notice of assessment received from a taxing authority, whether or not such Taxes or Other Taxes shall have been correctly or legally imposed, reimburse the Administrative Agent therefor, together with any interest, penalties and expenses (excluding interest, penalties and expenses arising from a Lender's or the Administrative Agent's gross negligence or willful misconduct) in connection therewith, plus interest thereon for each day from (and including) the date of such payment to (but excluding) the date of such reimbursement at a rate per annum equal to the Base Rate plus 1.0%. To the extent that the Administrative Agent is reimbursed by such Obligor as provided in this Section and thereafter receives any payment (including any offset or credit) as a refund for any Tax or Other Tax in respect of which the Administrative Agent was so reimbursed from the governmental agency imposing such Tax or Other Tax, the Administrative Agent



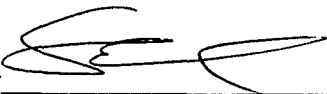
shall, within 30 days after receipt of such refund, and to the extent permitted by applicable law, pay to such Obligor the net amount of any such recovery after deducting taxes and expenses attributable thereto.

#### SECTION 26. Judgment Currency

If for the purposes of enforcing the obligations of any Obligor hereunder it is necessary to convert a sum due from such Obligor in Dollars into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase Dollars with such currency at or about 11:00 A.M. (New York City time) on the Business Day preceding that on which final judgment is given. The obligations in respect of any sum due to the Administrative Agent shall, notwithstanding any adjudication expressed in a currency other than Dollars, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in such other currency the Administrative Agent may in accordance with normal banking procedures purchase Dollars with such other currency; if the amount of Dollars so purchased is less than the sum originally due to the Administrative Agent in Dollars, each Obligor agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such adjudication, to indemnify the Administrative Agent against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to the Administrative Agent, it shall remit such excess to such Obligor.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CII CARBON, L.L.C.

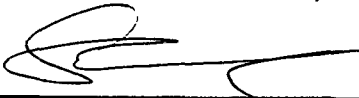
By   
Title: *Executive Chairman*

Address for Notices:

1615 East Judge Perez Drive  
Chalmette, LA 70043

Telecopier: 504-278-1084

CHALMETTE TERMINAL, L.L.C.

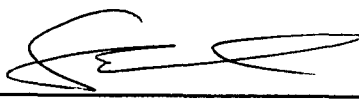
By   
Title: *President*

Address for Notices:

1615 East Judge Perez Drive  
Chalmette, LA 70043

Telecopier: 504-278-1084

ROBINSON CARBON, INC.

By   
Title: *Chairman of the Board*

Address for Notices:

1615 East Judge Perez Drive  
Chalmette, LA 70043

Telecopier: 504-278-1084

CALCINER INDUSTRIES

CIIT S.A.

By 

Title: *Agent*

Address for Notices:

Rudolf G. Probst  
Calciner Industries CIIT S.A.  
16, chemin de Villardiez  
CH - 1009 Pully  
Switzerland

Telecopier: 1011-41-21-729-8079

THE CHASE MANHATTAN BANK,  
as Administrative Agent

By \_\_\_\_\_

Title:

Address for Notices:

The Chase Manhattan Bank  
Agent Bank Services Group  
Chase Manhattan Plaza  
New York, NY 10081  
Attention: Chris Gould

Telecopier: (718) 242-6909

Telephone: (718) 242-7969

Copy to:

The Chase Manhattan Bank  
707 Travis, 7-TCBN-79  
Houston, TX 77002  
Attention: Ruth Dreessen

Telecopy Number: (713) 216-6387

Lending Offices for all Loans:

The Chase Manhattan Bank  
Chase Manhattan Plaza  
New York, NY 10081  
Attention: Chris Gould

CALCINER INDUSTRIES  
CIII S.A.

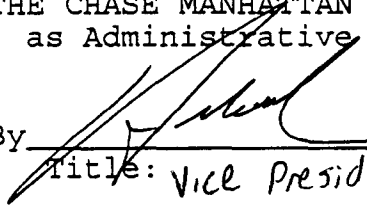
By \_\_\_\_\_  
Title:

Address for Notices:

Rudolf G. Probst  
Calciner Industries CIII S.A.  
16, chemin de Villardiez  
CH - 1009 Pully  
Switzerland

Telecopier: 1011-41-21-729-8079

THE CHASE MANHATTAN BANK,  
as Administrative Agent

By  \_\_\_\_\_  
Title: *Vice President*

Address for Notices:

The Chase Manhattan Bank  
Agent Bank Services Group  
Chase Manhattan Plaza  
New York, NY 10081  
Attention: Chris Gould

Telecopier: (718) 242-6909  
Telephone: (718) 242-7969

Copy to:

The Chase Manhattan Bank  
707 Travis, 7-TCBN-79  
Houston, TX 77002  
Attention: Ruth Dreessen

Telecopy Number: (713) 216-6387

In the case of each of the above, with a copy to:

Staffan Encrantz  
2000 Washington Street  
San Francisco, CA 94109  
Telecopy: (415) 367-8995

Dennis Leuer  
Bancroft & McAlister, a P.C.  
601 Montgomery Street, Suite 900  
San Francisco, CA 94111  
Telecopy: (415) 397-1925

STATE OF New York )  
 ) ss.:  
COUNTY OF New York )

I, Benjamin D. Wood, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Staffan Encrantz, Executive Chairman of CII CARBON, L.L.C., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Executive Chairman appeared before me this day in person and acknowledged that he signed, executed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth being duly authorized so to do.

GIVEN under my hand and Notarial Seal this 18<sup>th</sup> day of September, 1996.

Benjamin D. Wood  
Notary Public

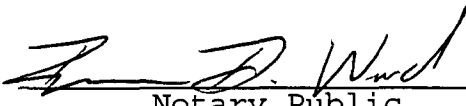
My Commission expires: 9/18/97

BENJAMIN D. WOOD  
NOTARY PUBLIC, State of New York  
No. 01WO5049724  
Qualified in New York County  
Commission Expires Sept. 18, 1997

STATE OF New York )  
 ) ss.:  
COUNTY OF New York )

I, Benjamin D. Wood, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Staffan Encantz, President of CHALMETTE TERMINAL, L.L.C., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such President, appeared before me this day in person and acknowledged that he signed, executed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth being duly authorized so to do.

GIVEN under my hand and Notarial Seal this 18<sup>th</sup> day of September, 1996.

  
Notary Public

My Commission expires: 9/18/97

BENJAMIN D. WOOD  
NOTARY PUBLIC, State of New York  
No. 01WO5049724  
Qualified in New York County  
Commission Expires Sept. 18, 1997

STATE OF New York )  
 ) ss.:  
COUNTY OF New York )

I, Benjamin D. Wood, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Staffan Encrutz, Chairman of the Board of ROBINSON CARBON, INC., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Chairman of the Board, appeared before me this day in person and acknowledged that he signed, executed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth being duly authorized so to do.

GIVEN under my hand and Notarial Seal this 18<sup>th</sup> day of September, 1996.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 9/18/97

BENJAMIN D. WOOD  
NOTARY PUBLIC, State of New York  
No. 01WO5049724  
Qualified in New York County  
Commission Expires Sept. 18, 1997



STATE OF New York )  
 ) ss.:  
COUNTY OF New York )

I, Benjamin D. Wood, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Staffan Encrantz, Agent of CALCINER INDUSTRIES CIII S.A., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Agent, appeared before me this day in person and acknowledged that he signed, executed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth being duly authorized so to do.

GIVEN under my hand and Notarial Seal this 18<sup>th</sup> day of September, 1996.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 9/18/97

BENJAMIN D. WOOD  
NOTARY PUBLIC, State of New York  
No. 01WO5049724  
Qualified in New York County  
Commission Expires Sept. 18, 1997

STATE OF New York )  
 ) ss.:  
COUNTY OF New York )

I, Benjamin D. Wood, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY, that Bob Sacks, Vice President of THE CHASE MANHATTAN BANK, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President, appeared before me this day in person and acknowledged that he signed, executed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth being duly authorized so to do.

GIVEN under my hand and Notarial Seal this 18<sup>th</sup> day of September, 1996.

  
Notary Public

My Commission expires: 9/18/97

BENJAMIN D. WOOD  
NOTARY PUBLIC, State of New York  
No. 01WO5048724  
Qualified in New York County  
Commission Expires Sept. 18, 1997

EXHIBIT A  
to  
EXHIBIT G

PERFECTION CERTIFICATE

The undersigned, the chief executive officer and chief legal officer of [insert name of Obligor], a \_\_\_\_\_ [limited liability company] [corporation] (the "Obligor"), hereby certify with reference to the Security Agreement dated as of September \_\_, 1996, among the Obligors named therein and The Chase Manhattan Bank, as Administrative Agent (terms defined therein being used herein as therein defined), to the Administrative Agent and each Lender as follows:

1. Names. (a) The exact organizational name of the Obligor as it appears in its [articles of organization] [certificate of incorporation] is as follows:

(b) Set forth below is each other organizational name the Obligor has had since its organization, together with the date of the relevant change:

(c) Except as set forth in Schedule 1, the Obligor has not changed its identity or [organizational] [corporate] structure in any way within the past five years.

[Changes in identity or [organizational] [corporate] structure would include mergers, consolidations and acquisitions, as well as any change in the form, nature or jurisdiction of corporate organization. If any such change has occurred, include in Schedule 1 the information required by paragraphs 1, 2 and 3 of this certificate as to each acquiree or constituent party to a merger or consolidation.]

(d) The following is a list of all other names (including trade names or similar appellations) used by the Obligor or any of its divisions or other business units at any time during the past five years:

2. Current Locations. (a) The chief executive office of the Obligor is located at the following address:

<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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(b) The following are all the locations where the Obligor maintains any books or records relating to any Accounts:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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(c) The following are all the places of business of the Obligor not identified above:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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(d) The following are all the locations where the Obligor maintains any Inventory not identified above:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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(e) The following are the names and addresses of all Persons other than the Obligor which have possession of any of the Obligor's Inventory:

<u>Name</u>	<u>Mailing Address</u>	<u>County</u>	<u>State</u>
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3. Prior Locations. (a) Set forth below is the information required by subparagraphs (a), (b) and (c) of paragraph 2 with respect to each location or place of business maintained by the Obligor at any time during the past five years:

(b) Set forth below is the information required by subparagraphs (d) and (e) of paragraph 2 with respect to each location or bailee where or with whom Inventory has been lodged at any time during the past four months:

4. Unusual Transactions. Except as set forth in Schedule 4, all Accounts have been originated by the Obligor and all Inventory and Equipment has been acquired by the Obligor in the ordinary course of its business.

5. File Search Reports. Attached hereto as Schedule 5(A) is a true copy of a file search report from the Uniform Commercial Code filing officer in each jurisdiction identified in paragraph 2 or 3 above with respect to each name set forth in paragraph 1 above. Attached hereto as Schedule 5(B) is a true copy of each

financing statement or other filing identified in such file search reports.

6. UCC Filings. A duly signed financing statement on Form UCC-1 in substantially the form of Schedule 6(A) hereto has been duly filed in the Uniform Commercial Code filing office in each jurisdiction identified in paragraph 2 hereof. Attached hereto as Schedule 6(B) is a true copy of each such filing duly acknowledged by the filing officer.

7. Schedule of Filings. Attached hereto as Schedule 7 is a schedule setting forth filing information with respect to the filings described in paragraph 6 above.

8. Filing Fees. All filing fees and taxes payable in connection with the filings described in paragraph 6 above have been paid.

IN WITNESS WHEREOF, we have hereunto set our hands this     day of September, 1996.

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

SCHEDULE 6(A)

Description of Collateral

All accounts, chattel paper, contract rights, general intangibles, inventory, equipment and documents, now owned or hereafter acquired, wherever located, and all proceeds thereof.

SCHEDULE 7

SCHEDULE OF FILINGS

<u>Debtor</u>	<u>Filing Officer</u>	<u>File Number</u>	<u>Date of Filing*</u>
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\*Indicate lapse date, if other than fifth anniversary.



EXHIBIT B  
to  
EXHIBIT G

FORM OF PATENT SECURITY AGREEMENT

(PATENTS, PATENT APPLICATIONS AND PATENT LICENSES)

WHEREAS, [Obligor], a [jurisdiction of incorporation or organization] [limited liability company] [corporation] (the "Obligor"), owns the Patents listed on Schedule 1 annexed hereto, and is a party to the Patent Licenses listed on Schedule 1 annexed hereto;

WHEREAS, CII Carbon, L.L.C. ("CII"), Calciner Industries CIII S.A. ("International"), certain lenders (the "Lenders") and The Chase Manhattan Bank, as administrative agent for such Lenders, are parties to a Credit Agreement dated September \_\_, 1996 (as the same may be amended and in effect from time to time, the "Credit Agreement");

WHEREAS, CII may, after the date hereof, become obligated to one or more Lenders under one or more Interest Rate Agreements as contemplated by Section 9.23 of the Credit Agreement;

WHEREAS, pursuant to the terms of the Security Agreement dated as of September \_\_, 1996 (as said Agreement may be amended and in effect from time to time, the "Security Agreement"), among CII, CTI, International, RCI (collectively, the "Obligors") and The Chase Manhattan Bank, as administrative agent for the secured parties referred to therein (in such capacity, together with its successors in such capacity, the "Grantee"), the Obligors have granted to Grantee for the ratable benefit of such secured parties a security interest in substantially all the assets of each Obligor including all right, title and interest of each Obligor in, to and under each Obligor's Patents (as defined in the Security Agreement), together with any reissue, continuation, continuation-in-part or extension thereof, each Obligor's Patent applications and each Obligor's Patent Licenses (as defined in the Security Agreement), whether presently existing or hereafter arising or acquired, and all

products and proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Patents, to secure the payment of all amounts owing by CII under the Credit Agreement and obligations of CII constituting Secured Interest Rate Indebtedness (as defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration receipt and sufficiency of which are hereby acknowledged, the Obligor does hereby grant to Grantee a continuing security interest in all of such Obligor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether presently existing or hereafter arising or acquired:

- (i) each Patent and Patent application, including, without limitation, each Patent and Patent application listed on Schedule 1 annexed hereto;

- (ii) each Patent License, including, without limitation, each Patent License listed on Schedule 1 annexed hereto; and

- (iii) all products and proceeds of the foregoing, including, without limitation, any claim by the Obligor against third parties for past, present or future infringement of any Patent, including, without limitation, any Patent referred to in Schedule 1 annexed hereto, and any Patent licensed under any Patent License listed, including, without limitation, any Patent License listed on Schedule 1 annexed hereto.

This security interest is granted in conjunction with the security interests granted to the Grantee pursuant to the Security Agreement. The Obligor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Obligor has caused this  
Patent Security Agreement to be duly executed by its officer  
thereunto duly authorized as of the \_\_ day of \_\_\_\_\_,  
199\_\_.

[OBLIGOR]

By \_\_\_\_\_  
Title:

Acknowledged:

THE CHASE MANHATTAN BANK,  
as Administrative Agent

By: \_\_\_\_\_  
Title:

STATE OF \_\_\_\_\_ )  
 ) ss.:  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, a Notary Public in and  
for said County, in the State aforesaid, DO HEREBY CERTIFY,  
that \_\_\_\_\_ of [OBLIGOR], personally  
known to me to be the same person whose name is subscribed  
to the foregoing instrument as such \_\_\_\_\_, appeared  
before me this day in person and acknowledged that he  
signed, executed and delivered the said instrument as his  
own free and voluntary act and as the free and voluntary act  
of said Company, for the uses and purposes therein set forth  
being duly authorized so to do.

GIVEN under my hand and Notarial Seal this \_\_\_\_ day  
of \_\_\_\_\_, 1996

\_\_\_\_\_  
Notary Public

My Commission expires:

Schedule 1  
to Patent  
Security Agreement

PATENTS

A. U.S. Patents

<u>I.D. No.</u>	<u>Patent No.</u>	<u>Issue Date</u>	<u>Title</u>
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B. U.S. Patent Applications

C. Foreign Patents

<u>I.D. No.</u>	<u>Title</u>	<u>Patent No.</u>	<u>Issue Date</u>
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EXHIBIT C  
to  
EXHIBIT G

FORM OF TRADEMARK SECURITY AGREEMENT

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS  
AND TRADEMARK LICENSES)

WHEREAS, [Obligor], a [jurisdiction of incorporation or organization] [limited liability company] [corporation] (the "Obligor"), owns the Tradenames, Trademarks and Trademark registrations set forth on Schedule 1 annexed hereto;

WHEREAS, CII Carbon, L.L.C. ("CII"), CIII Calciner Industries S.A. ("International"), certain lenders (the "Lenders") and The Chase Manhattan Bank, as administrative agent for such Lenders, are parties to a Credit Agreement dated as of September \_\_, 1996 (as the same may be amended and in effect from time to time the "Credit Agreement");

WHEREAS, CII may, after the date hereof, become obligated to one or more Lenders under one or more Interest Rate Agreements as contemplated by Section 9.23 of the Credit Agreement;

WHEREAS, pursuant to the terms of the Security Agreement dated as of September \_\_, 1996 (as said Agreement may be amended and in effect from time to time, the "Security Agreement"), among CII, CTI, International, RCI (collectively, the "Obligors") and The Chase Manhattan Bank, as administrative agent for the secured parties referred to therein (in such capacity, together with its successors in such capacity, the "Grantee"), the Obligors have granted to Grantee for the ratable benefit of such secured parties, a security interest in substantially all the assets of each Obligor including all right, title and interest of each Obligor in, to and under each Obligor's Tradenames, Trademarks (as defined in the Security Agreement), Trademark registrations, together with any reissues, extensions or renewals thereof, Trademark applications and Trademark Licenses (as defined in the Security Agreement), whether presently existing or hereafter arising or acquired, together with the goodwill of the business symbolized by the Tradenames, Trademarks and the applications therefor and the registrations thereof, and all products and proceeds

thereof, including, without limitation, any and all causes of action which may exist by reason of infringement or dilution thereof or injury to the associated goodwill, to secure the payment of all amounts owing by CII under the Credit Agreement and obligations of CII constituting Secured Interest Rate Indebtedness (as defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Obligor does hereby grant to Grantee a continuing security interest in all of such Obligor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether presently existing or hereafter arising or acquired:

(i) each Tradename, Trademark, Trademark registration and Trademark application, including, without limitation, each Tradename, Trademark and Trademark registration listed on Schedule 1 annexed hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Tradename, Trademark, Trademark registration and Trademark application;

(ii) each Trademark License and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed; and

(iii) all products and proceeds of the foregoing, including, without limitation, any claim by the Obligor against third parties for past, present or future infringement or dilution of any Tradename, Trademark or Trademark registration including, without limitation, the Tradenames, Trademarks and Trademark registrations referred to in Schedule 1 annexed hereto, and any Trademark licensed under any Trademark License, or for injury to the goodwill associated with any Tradename, Trademark, Trademark registration or Trademark licensed under any Trademark License.

This security interest is granted in conjunction with the security interests granted to the Grantee pursuant to the Security Agreement. The Obligor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and

provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Obligor has caused this Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the \_\_\_\_ day of \_\_\_\_\_, 199\_.

[OBLIGOR]

By: \_\_\_\_\_  
Title:

Acknowledged:

THE CHASE MANHATTAN BANK,  
as Administrative Agent

By: \_\_\_\_\_  
Title:



STATE OF \_\_\_\_\_ )  
 ) ss.:  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, a Notary Public in and  
for said County, in the State aforesaid, DO HEREBY CERTIFY,  
that \_\_\_\_\_ of [OBLIGOR], personally  
known to me to be the same person whose name is subscribed  
to the foregoing instrument as such \_\_\_\_\_, appeared  
before me this day in person and acknowledged that he  
signed, executed and delivered the said instrument as his  
own free and voluntary act and as the free and voluntary act  
of said Company, for the uses and purposes therein set forth  
being duly authorized so to do.

GIVEN under my hand and Notarial Seal this \_\_\_\_ day  
of \_\_\_\_\_, 1996

\_\_\_\_\_  
Notary Public

My Commission expires:

Schedule 1  
to Trademark  
Security Agreement

U.S. TRADEMARK REGISTRATIONS

A. U.S. Registered Trademarks

<u>Product</u>	<u>Trademark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
----------------	------------------	-----------------	------------------

B. Trade Names

<u>Trade Name</u>	<u>Product</u>
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FORM OF COPYRIGHT SECURITY AGREEMENT

(COPYRIGHTS, COPYRIGHT APPLICATIONS AND COPYRIGHT LICENSES)

WHEREAS, [Obligor], a [jurisdiction of incorporation or organization] [limited liability company] [corporation] (the "Obligor"), owns the Copyrights set forth on Schedule 1 annexed hereto, and is a party to the Copyright Licenses set forth on Schedule 1 annexed hereto;

WHEREAS, CII Carbon, L.L.C. ("CII"), Calciner Industries CIII S.A. ("International"), certain lenders (the "Lenders") and The Chase Manhattan Bank, as administrative agent for such Lenders, are parties to a Credit Agreement dated as of September \_\_, 1996 (as the same may be amended and in effect from time to time the "Credit Agreement");

WHEREAS, CII may, after the date hereof, become obligated to one or more Lenders under one or more Interest Rate Agreements as contemplated by Section 9.23 of the Credit Agreement;

WHEREAS, pursuant to the terms of the Security Agreement dated as of September \_\_, 1996 (as said Agreement may be amended and in effect from time to time, the "Security Agreement"), among CII, CTI, International, RCI (collectively, the "Obligors") and The Chase Manhattan Bank, as administrative agent for the secured parties referred to therein (in such capacity, together with its successors in such capacity, the "Grantee"), the Obligors have granted to Grantee for the ratable benefit of such secured parties a security interest in substantially all the assets of each Obligor including all right, title and interest of each Obligor in, to and under each Obligor's Copyrights (as defined in the Security Agreement), together with any reissue, continuation, continuation-in-part or extension thereof, each Obligor's Copyright applications and each Obligor's Copyright Licenses (as defined in the Security Agreement), whether presently existing or hereafter arising or acquired, and all products and proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Copyrights, to secure the payment of all amounts owing by the CII under the Credit Agreement and

obligations of CII constituting Secured Interest Rate Indebtedness (as defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration receipt and sufficiency of which are hereby acknowledged, the Obligor does hereby grant to Grantee a continuing security interest in all of such Obligor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Copyright Collateral"), whether presently existing or hereafter arising or acquired:

(i) each Copyright and Copyright application, including, without limitation, each Copyright listed on Schedule 1 annexed hereto;

(ii) each Copyright License, including, without limitation, each Copyright License listed on Schedule 1 annexed hereto; and

(iii) all products and proceeds of the foregoing, including, without limitation, any claim by the Borrower against third parties for past, present or future infringement of any Copyright, including, without limitation, any Copyright referred to in Schedule 1 annexed hereto, and any Copyright licensed under any Copyright License listed, including, without limitation, any Copyright License listed on Schedule 1 annexed hereto.

This security interest is granted in conjunction with the security interests granted to the Grantee pursuant to the Security Agreement. The Obligor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Obligor has caused this  
Copyright Security Agreement to be duly executed by its  
officer thereunto duly authorized as of the \_\_\_\_ day of  
\_\_\_\_ 199\_.

[OBLIGOR]

By \_\_\_\_\_  
Title:

Acknowledged:

THE CHASE MANHATTAN BANK,  
as Administrative Agent

By: \_\_\_\_\_  
Title:

STATE OF \_\_\_\_\_ )  
 ) ss.:  
COUNTY OF \_\_\_\_\_ )

I, \_\_\_\_\_, a Notary Public in and for  
said County, in the State aforesaid, DO HEREBY CERTIFY, that  
\_\_\_\_\_, \_\_\_\_\_ of [OBLIGOR], personally known to  
me to be the same person whose name is subscribed to the  
foregoing instrument as such \_\_\_\_\_, appeared before me this  
day in person and acknowledged that he signed, executed and  
delivered the said instrument as his own free and voluntary  
act and as the free and voluntary act of said Company, for the  
uses and purposes therein set forth being duly authorized so  
to do.

GIVEN under my hand and Notarial Seal this \_\_\_\_ day  
of \_\_\_\_\_, 1996

\_\_\_\_\_  
Notary Public

My Commission expires:

Schedule 1  
to Copyright  
Security Agreement

COPYRIGHTS

<u>Subject</u>	<u>No.</u>	<u>Issue Date</u>	<u>Title</u>
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COPYRIGHT LICENSES

<u>Subject</u>	<u>No.</u>	<u>Issue Date</u>	<u>Title</u>
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EXHIBIT E  
to  
EXHIBIT G

ROLLING STOCK

KACX 5003  
KACX 5005  
KACX 5008  
KACX 5009  
KACX 5010  
KACX 5015  
KACX 5018  
KACX 5021  
KACX 5022  
KACX 5023  
KACX 5026  
KACX 5030  
KACX 5035  
KACX 5037  
KACX 5038



EXHIBIT F  
to  
EXHIBIT G

OPINION OF  
COUNSEL FOR OBLIGOR

\* \* \* \*

The Security Agreement creates and constitutes as security for the Secured Obligations (as defined in the Security Agreement and including any future obligations which are Secured Obligations), in favor of the Administrative Agent for the ratable benefit of the Secured Parties, a valid security interest in all right, title and interest of the Obligors in the Collateral and all right, title and interest of the Obligors in the Collateral Accounts. The security interests of the Administrative Agent in all right, title and interest of the Obligors in the Collateral created by the Security Agreement constitute perfected security interests under the Uniform Commercial Code, as in effect in the State of \_\_\_\_\_ ("UCC"), the ICC Termination Act of 1995 ("ICA"), the United States Copyright Act ("CA"), the United States Patent Act ("PA") and the United States Trademark Act ("TA"), to the extent that a security interest therein may be perfected under the UCC, the ICA, the CA, the PA or the TA. Insofar as the priority thereof is governed by the UCC, the priority of the security interests created by the Security Agreement in the Collateral in which the Obligors have rights on the date hereof will be the same with respect to (i) Loans made or deemed made or Letters of Credit issued pursuant to the Credit Agreement after the date hereof and (ii) obligations of CII with respect to any Interest Rate Agreement as with respect to any such Loans made, Letters of Credit issued or obligations incurred on the date hereof, except to the extent that any priority may be affected by any security interest, lien or other encumbrance imposed by law in favor of any government or governmental authority or agency. Unless otherwise specifically defined herein, each term defined herein has the meaning assigned to such term in the Security Agreement.

With respect to the enforceability of the Security Documents, we express no opinion as to the availability of specific performance. Moreover, our opinion with respect to the enforceability of the Security Documents is subject to the further qualification that certain remedial provisions thereof may be limited by the law of the State of \_\_\_\_\_

and applicable law of the United States of America, but such laws do not, in our opinion, make the remedies afforded thereby inadequate for the practical realization of the benefits of the security intended to be provided thereby.

EXHIBIT G  
to  
EXHIBIT G

[FORM OF LOCKBOX LETTER]

September \_\_, 1996

[Name and Address of Lockbox Bank]

Re: [Name of Obligor]

Gentlemen:

We hereby notify you that effective September \_\_, 1996, we have transferred exclusive ownership and control of our lock-box account[s] No[s]. \_\_\_\_\_ (the "Lockbox Account[s]") maintained with you to The Chase Manhattan Bank as Administrative Agent (the "Administrative Agent").

We hereby irrevocably instruct you to make all payments to be made by you out of or in connection with the Lockbox Account[s] (i) to the Administrative Agent for credit to account no. \_\_\_\_\_ maintained by it at its office at [1 Chase Manhattan Plaza, New York, New York 10081] or (ii) as you may otherwise be instructed by the Administrative Agent.

We also hereby notify you that the Administrative Agent shall be irrevocably entitled to exercise any and all rights in respect of or in connection with the Lockbox Account[s], including, without limitation, the right to specify when payments are to be made out of or in connection with the Lockbox Account[s].

All funds deposited into the Lockbox Account[s] will not be subject to deductions, set-off, banker's lien or any other right in favor of any other person than the Administrative Agent, except that you may set-off against the Lockbox Account[s] the face amount of any check deposited in and credited to such Lockbox Account[s] which

is subsequently returned for any reason. Your compensation for providing the services contemplated herein shall be as mutually agreed between you and us from time to time and we will continue to pay such compensation.

Please confirm your acknowledgment of and agreement to the foregoing instructions by signing in the space provided below.

Very truly yours,

[Obligor]

By \_\_\_\_\_  
Title:

Acknowledged and agreed  
to as of this \_\_\_\_\_ day of  
September, 1996.

[LOCKBOX BANK]

By \_\_\_\_\_  
Title: